

Message Text

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SUBJECT: PRESIDENT PEREZ' VISIT TO GEORGETOWN

REFS: (A) 77 CARACAS 11858 (NOTAL, (B) CARACAS 7763,
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SUMMARY: PRESIDENT PEREZ WILL TRAVEL TO GEORGETOWN
SEPTEMBER 17 FOR A 3-DAY OFFICIAL VISIT AFTER HAVING
POSTPONED HIS VISIT A NUMBER OF TIMES. THE INDICATIONS
ARE THAT THE VISIT WILL BE LARGELY SYMBOLIC. SUBSTANCE
WILL CENTER ON POSSIBLE ADDITIONAL FINANCIAL ASSISTANCE
FOR BUYANA, BUT IT IS NOT LIKELY THE VENEZUELAN WILL
OFFER TO FINANCE THE MAZARUNI HYDROELECTRIC PROJECT
BY THEMSELVES OR THAT THERE WILL BE ANY RESOLUTION OF
GUYANA-VENEZUELA BORDER DISPUTE. END SUMMARY.

1. IN DECEMBER 1977 WHEN GUYANESE FOREIGN MINISTER WILLS
VISITED CARACAS, THERE WAS DISCUSSION OF GOV FINANCIAL
ASSISTANCE AND GUYANESE OIL PURCHASES FROM VENEZUELA.
THERE WAS ALSO DISCUSSION OF THE MAZARUNI PROJECT BUT,
ACCORDING TO GUYANESE OFFICIALS, THIS WAS "INCONCLUSIVE."
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ALTHOUGH DURING THAT VISIT THERE WAS APPARENTLY LITTLE OR
NO DIRECT DISCUSSION OF GUYANA-VENEZUELA BORDER DISPUTE,
THERE IS NO DOUBT THAT PRESIDENT PEREZ WOULD LIKE TO
RESOLVE IT PRIOR TO LEAVING OFFICE IN MARCH OF 1979.
AS THIS EMBASSY UNDERSTANDS IT, PEREZ' IDEA IS THAT, IN
RETURN FOR GUYANESE CESSION OF A THIN TONGUE OF ATLANTIC
COASTLINE, VENEZUELA WOULD MAKE A MAJOR CONTRIBUTION TOWARD

FINANCING THE MAZARUNI PROJECT. THE ADVANTAGE FOR VENEZUELA IN THIS WOULD BE THAT THIS TONGUE OF ATLANTIC COASTLINE WOULD ENLARGE VENEZUELA'S ACCESS TO THE HIGH SEAS, THUS PROTECTING THE SEA LINKS VITAL TO ITS EXPORTS OF IRON ORE AND, EVENTUALLY, IRON, STEEL AND BAUXITE, ALL OF WHICH WOULD BE SHIPPED OUT OF THE ORINOCO RIVER. THE ADVANTAGE FOR GUYANA WOULD BE FINANCING FOR THE MAZARUNI PROJECT. THERE IS NO QUESTION IT WOULD BE DIFFICULT FOR PEREZ TO SELL THE IDEA OF RELINQUISHING VENEZUELA'S CLAIM TO THE ESEQUIBO IN RETURN FOR SOME ATLANTIC COASTLINE. THIS IS A PRESIDENTIAL CAMPAIGN YEAR AND THE MAJOR OPPOSITION PARTY (COPEI) WHICH, IN 1972, PUT THE ESEQUIBO PROBLEM IN SUSPENSE FOR 10 YEARS, WOULD BE SURE TO EXPLOIT THIS AS A GIVE-AWAY. NONETHELESS, PEREZ IS BOLD AND, AT ONE POINT, HE OBVIOUSLY BELIEVED HE COULD PULL IT OFF. SINCE THE WILLS VISIT, HOWEVER, AND PARTICULARLY SINCE THE ARRIVAL OF GUYANESE AMBASSADOR COLLINS, THE GUYANESE EMBASSY AT ALL LEVELS HAS BEEN TELLING THIS EMBASSY THAT IT WOULD BE VERY DIFFICULT FOR THE GOG TO AGREE TO CESSION OF TERRITORY TO VENEZUELA. IN FACT, COLLINS TOLD THE CHARGE THAT GUYANA WOULD FOREGO VENEZUELAN ASSISTANCE FOR THE MAZARUNI PROJECT IF IT INVOLVED CEDING TERRITORY.

2. THE PEREZ ADMINISTRATION IS ALSO CONCERNED ABOUT GUYANESE RADICALIZATION AND THE POSSIBILITY OF CUBAN INVOLVEMENT THERE. PEREZ WOULD LIKE TO DO SOMETHING LIMITED OFFICIAL USE

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TO PREVENT SUCH RADICALIZATION AND, HE PERCEIVES THE MAZARUNI PROJECT AS A POSITIVE CONTRIBUTION.

3. THE FACT IS, HOWEVER, THAT THE MAZARUNI PROJECT IS INEXTRICABLY LINKED WITH THE ESEQUIBO TERRITORIAL DISPUTE. BECAUSE THE MAZARUNI IS IN THE AREA DISPUTED BY VENEZUELA AND GUYANA, IT IS VIRTUALLY INCONCEIVABLE THAT ANY VENEZUELAN GOVERNMENT WOULD ALLOW A MAJOR DEVELOPMENT PROJECT ON THE MAZARUNI TO GO FORWARD WITHOUT SOME VENEZUELAN PARTICIPATION. IN ADDITION, SINCE THE MAZARUNI DAM WOULD PRODUCE ELECTRICAL POWER FAR IN EXCESS OF GUYANA'S NEEDS AND SINCE THE VENEZUELAN GURI DAM EXPANSION WILL ALSO PRODUCE ELECTRICAL POWER IN EXCESS OF VENEZUELA'S NEEDS FOR THE FORESEEABLE FUTURE, VENEZUELA'S PARTICIPATION IN THE MAZARUNI PROJECT HAS TO BE VIEWED IN POLITICAL RATHER THAN ECONOMIC TERMS. NEVERTHELESS, AS AN INDICATION OF THE INTEREST OF THE PEREZ ADMINISTRATION IN THE PROJECT, THE EMBASSY UNDERSTANDS THAT THE GOV HAS APPROACHED THE BRAZILIAN GOVERNMENT IN THE HOPES THAT THE BRAZILIANS WOULD HELP FINANCE IT. THE GOV HAS PROPOSED USING THE BRAZILIAN CONSORTIUM NOW BUILDING THE GURI DAM IN VENEZUELA. WHAT THE VENEZUELAN APPARENTLY HAVE IN

MIND IS A VENEZUELAN-BRAZILIAN CONSORTIUM. PRESUMABLY, THE BRAZILIANS WOULD ALSO TAKE SOME OF THE ELECTRICAL POWER EXCESS TO GUYANA'S NEEDS. SO FAR AS THIS EMBASSY IS AWARE, THE BRAZILIANS HAVE NOT YET BITTEN. NEVERTHELESS, BOTH VENEZUELA AND BRAZIL SHARE AN INTEREST IN HELPING PREVENT THE RADICALIZATION OF GUYANA AND THEY PERCEIVE MAZARUNI PROJECT BEING SUCH AN ANTIDOTE.

4. BEARING IN MIND THAT PEREZ IS A LAME DUCK PRESIDENT, THE EMBASSY BELIEVES IT UNLIKELY THAT ANYTHING CONCRETE ON THE MAZARUNI PROJECT OR THE ESEQUIBO BORDER DISPUTE WILL DEVELOP DURING HIS VISIT. THERE ARE CONVINCING INDICATIONS THAT THE VENEZUELAN ARE NOT LOOKING ON THE VISIT TO GEORGETOWN IN TERMS OF MAJOR INITIATIVES OR LIMITED OFFICIAL USE

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AGREEMENTS. ONE OF THESE IS THE FACT THAT, AS OF SEPTEMBER 12, GUYANESE AMBASSADOR COLLINS HAS NOT YET BEEN ABLE TO DISCUSS THE VISIT WITH THE VENEZUELAN FOREIGN MINISTRY. WITH ONLY FOUR DAYS TO GO BEFORE PEREZ' ARRIVAL IN GEORGETOWN, IT SEEMS UNLIKELY THAT ANYTHING MORE SUBSTANTIVE THAN THE TRIP ARRANGEMENTS AND A COMMUNIQUE COULD BE AGREED ON. ALSO, PEREZ, THE GOV AND BOTH MAJOR POLITICAL PARTIES HAVE BEEN MESMERIZED IN RECENT DAYS BY NICARAGUA. IT IS NOT LIKELY THAT MUCH ATTENTION WILL BE PAID TO GUYANA WHILE NICARAGUA CONTINUES TO BOIL.

5. ONE INTERESTING DETAIL FROM A RELIABLE SOURCE IS THAT THE VENEZUELAN ARE REPORTEDLY TAKING THEIR OWN LIQUOR AND MUCH OF THE FOOD WHICH THEY WILL SERVE AT THE RECEPTION WHICH PRESIDENT PEREZ WILL HOST IN GEORGETOWN.
CROWLEY

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